The A. F. of L. Weekly News Service gives news accounts and editorial interpretation of matters affecting and concerning in the industrial, legislative and judicial fields, and contains other information of benefit to the trade union movement.

AMERICAN FEDERATION OF LABOR

WEEKLY NEWS SERVICE

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Follow your honest convictions and be strong.—Thackeray.

WHOLE NO. 1322 WILLIAM GREEN, President WASHINGTON, D. C., SATURDAY, AUGUST 15, 1936 FRANK MORRISON, Secretary-Treasurer VOL. 26, NO. 33

Berry Urges Work For All Jobless

Roosevelt's Industrial Coordinator Warns That Large Unemployed Army Threatens the Principles of Democracy.

By A. F. of L. News Service.

Washington, D. C.—A vigorous indictment of the industrial policy of American employers which imposes continued unemployment and destitution upon millions of our people and untold suffering upon them and their families was made here by George L. Berry, President Roosevelt's Coordinator for Industrial Cooperation and chairman of the Council for Industrial Progress, in an appeal to business leaders to unite with the Council to end unemployment and solve the problems inextricably connected with it.

Declaring that the unemployment crisis which began with the depression in 1929 was caused by the mal-distribution of the national income, Mr. Berry pointed out that the same forces which brought about the 1929 crash are now dominant in industry and are applying policies inevitably resulting in the unjust wealth distribution which precipitated that catastrophe.

False Recovery

In a general approach to the jobless army question, Major Berry asked local chambers of commerce throughout the country to join with the Council for Industrial Progress in considering the problems of unemployment. Federal relief, labor conditions, the farm situation, to the end that united industry may become an effective guiding influence in the economic life of the nation for the promotion of the general welfare."

The problems which concern the Council, it was pointed out, cast "the shadow of uncertainty on the future of America" and the business men who were urged to give them earnest thought and discussion. Offers of assistance by way of Council literature and speakers to aid the formulation of programs were made in the Coordinator's letters.

Business Improves; Millions Are Idle

"It seems incredible, but it is true nevertheless," the letter continued, "that in spite of the upswing in all lines of business and the increase in the volume of production and of industrial profits and earnings to a point now close to the 1929 level, millions of able-bodied citizens seek in vain for gainful employment.

"Local communities, whether directly affected by this condition or not, cannot escape the pernicious influence of a situation in which, in addition to the actually jobless, there are three million other workers, wasting at the rate of 600 million dollars a year. The cost of old-time government departments and agencies, who have nothing to cling to but the payroll of the Federal Government.

Asking whether this can be called "recovery" as many business leaders claim, the Coordinator adds: "Will it lead to economic stability and that volume of income and consuming power in the market upon which industry is dependent for profitable operation?"

Private Enterprise Must Provide Jobs

Major Berry expressed the view that any practical program looking toward economic stability and security must provide for return of the unemployed to gainful occupation in private enterprise. "Otherwise," he said, "they must be sheltered, fed and clothed with public funds. There is no alternative. And long as this direct drain on the Federal treasury continues, balancing the budget seems to be a forlorn hope."

"The same forces at work were responsible for the collapse in 1929 are now dominant in this country. Under the guise of 'recovery' these forces are working to create the same conditions of maldistribution and unwise use of the national income as that present in 1929. If permitted to continue unchecked, inevitably they must plunge us again into a crisis in which the fundamental principles of democracy may be renounced."

Officers of Rotary clubs throughout the nation have been written to by Coordinator Berry in behalf of the Industry Council to stimulate a widened discussion of vital industrial problems which affect the public interest.

UNEMPLOYMENT INSURANCE LAW EVADED BY EMPLOYERS

By A. F. of L. News Service.

Apparently about 5,000 employers in the District of Columbia are seeking to evade their responsibilities under the Unemployment Insurance Act for the District, which carries a one per cent pay roll tax, according to a report by the District Unemployment Board.

Although the original estimate was 15,000 employers, only 10,000 are paying the tax and about half of these started paying after the Board sent out agents to make personal interviews.

Collections which started January 1, totaled $345,065.59 for the first six months of the year, in addition to which the District government has deposited $100,000 in the U. S. Treasury, in compliance with the act. Monthly payments have increased from $127,429.95 in January to a high of $151,542.85 in May. The tax will increase to two per cent the first of next year and it is estimated that nearly $2,000,000 will be in the reserve fund by that time.

Payment of benefits to unemployed do not start until January, 1938, so that an additional $3,000,000, or a total of about $5,000,000, is expected to be available when payments begin. John Locher, president of the Washington Central Labor Union, is a member of the Board, which has selected John A. Marshall, former insurance commissioner, as the director.

EDITORIALS

IMPROVEMENT IN OLD-AGE PENSION SYSTEMS

Under many State old-age pension laws enacted in recent years destitute persons must be 70 years of age before they are entitled to pension benefits. The old-age pension section of the Federal Social Security Act fixes 65 years as the age at which persons shall receive pensions in States accepting the Government assistance provided by the Act, with the modification that States with laws fixing the eligibility age at more than 65 years will be given five years to adjust the age requirement to the standard set by the Federal statute.

The salutary effects of the 65-year provision are shown in a recent statement by David C. Adie, Commissioner of the New York State Department of Social Welfare, in explaining the reason for the action of the last session of the New York Legislature reducing the eligibility age from 70 to 65 years.

Pointing out that under the present 70-year requirement 20,000 persons are paid an average of $21 monthly, Mr. Adie said that under the 65-year provision effective October 1 the number of pensioners will be increased and the total outlay for pensions will reach at least $30,000,000. Of this amount, the Federal Government will contribute one-half, New York State 25 per cent, and the various communities 25 per cent.

Organized labor fully holds that as a matter of social justice the eligibility age for receiving old-age pensions should be reduced to 60 years, the 70-year point. The 65-year limit in the Federal Social Security Act was a reflection of this principle. It is to be hoped that all the other States with the 70-year limit will not wait until the expiration of the five-year period set up by the Federal Act for adjustment to 65 years, but will follow the action of the New York State Legislature and promptly make all indigent aged who are 65 years of age eligible for Federal-State pensions to protect them from want.

REPORT ON BANK FAILURES

Immediately following his inauguration on March 4, 1933, President Roosevelt issued an executive order closing banks throughout the United States pending the determination of their solvency and the safety of depositors' savings which the bank owners had borrowed with the promise to repay on demand or after suitable notice.

From time to time the solvent banks were permitted to reopen. Over four hundred were found to be insolvent or unsafe and were thrown into bankruptcy and receiverships, with losses running into millions of dollars for the depositors.

J. F. T. O'Connor, Comptroller of the Currency, in his latest report on the receiverships have been handled, reports that, up to July 31, a total of 378 of these receiverships have been closed out and 42 of the closed banks restored to solvency.

It will be news to most people that banks have two classes of depositors—secured depositors and unsecured depositors. When a bank fails, the secured depositors have a preferential status with regard to the bank assets, while unsecured depositors, made up largely of the masses, are entitled to a much smaller proportionate share of the bank funds. Comptroller O'Connor reports that in the 420 banks in receivership unsecured depositors have received only 58.94 per cent of their claims. They would have received a much larger percentage if the bankers had not given the secured depositors the right to draw the failed banks' assets first before the unsecured depositors were given the least consideration.

Now that 378 of the banks which were thrown into receiverships in 1933 have been liquidated and gone out of business, it would be a good time for Comptroller O'Connor to make a detailed report on the specific causes for the failure of each bank. Thrifty people throughout the United States have advised over and again prior to the time when these 378 banks crashed to entrust their funds to the bank owners for safekeeping. Comptroller O'Connor has the detailed information as to the manner in which these bankers forfeited their responsibility—whether the millions of depositors were defrauded of their savings by financial stupidity or by criminal recklessness which the bankers exhibited in their handling of other people's money. He should make the information public.

JOBS PLANNED FOR 100,000 PUERTO RICAN UNEMPLOYED

Washington, D. C. (AFLNS).—One hundred thousand jobless Puerto Ricans—a record for the Island—are expected to be provided within the next few months by the Federal Government, according to official estimates.

The Puerto Rican Reconstruction Administration, according to Harry L. Hall, assistant administrator, has recently been provided with funds which will make it possible to give relief employment to from 18,000 to 25,000 persons, in addition to those on the PRRA pay roll.

It is estimated $50,000 heads of families in the Island will benefit as a result of the PRRA program, which progresses further, there should be some permanent results."

500,000 Italian Workers Get Ten Per Cent Wage Increase

Rome, Italy.—Five hundred thousand industrial workers in Italy have been given a 10 per cent wage increase, following negotiations conducted in the presence of government officials.

A new national work contract which would replace the contract in effect since 1928 was also promised. It is expected the increases will apply to 20,000 large and small mechanical and metallurgical establishments.

AFL Unions Increase Membership 1,421,062

Washington, D. C. (AFLNS).—Frank Morrison, secretary-treasurer of the American Federation of Labor, announced that the membership of the national and international organizations and local unions directly affiliated with the A. F. of L. for the month of July, 1936, was 2,547,858, which is a gain of 1,421,062 members over the average membership for the fiscal year ending August 31, 1933.

CALIFORNIA EMPLOYERS FIGHT JOB INSURANCE

Attempt to Strangle State Fund by Withholding Both Their Own and Employes' Contributions Required By Law.

By A. F. of L. News Service.

Nine hundred employers in California are reported to have refused to mail checks to the Unemployment Insurance Reserve Commission as their legally required contribution to the fund for the payment of unemployment insurance under the State Unemployment Insurance Act. The amounts withheld total more than $1,000,000.

Under the law employers are required to pay four cents monthly for each ten cent of their payrolls. Failure to pay involves a penalty of 1 per cent a month.

The members of the recalcitrant group are fighting the California act as unconstitutional. They claim there is no provision for the return of the assessments in case the courts declare the law unconstitutional. They say they prefer to take the risk of paying the penalty rather than assume the other risk and lose the amounts paid into the insurance fund.

Under the statute, employers also collect the amounts their employes are required to contribute to the insurance fund. They are withholding these employe contributions from the State authorities in addition to their own.

Declaring that the action of the employers "is a brazen flouting of the law for which there can be no excuse," the San Francisco Labor Council president of the San Francisco Labor Council said:

"Whatever course they may take as to their own contributions to the unemployment fund concerns only themselves and the state authorities. But when they undertake to collect from employes the employe share of a stated purpose and then refuse to apply them to the purpose for which they were contributed it would seem to be time for the law enforcement officers to take a hand on behalf of the workers."

GENEVA LABOR OFFICE INCREASES ACTIVITY

Handled 59,866 Letters in 1935—Inquiries in 24 Languages Came from 80 Countries.

By A. F. of L. News Service.

Geneva, Switzerland.—The International Labor Office is composed of 62 nations, including the United States, finds its fame spreading throughout the world, with resultant good publicity accomplished—and increasing work for the secretariat.

An compilation recently completed shows that inquiries were received during 1935 from 80 different countries and in 24 languages. A total of 59,866 letters were received, by far the greatest number of any one year, topping the previous high of 1934, by over 4,000.

The United States is rated in fourth place in the number of inquiries, Switzerland being first. Great Britain second and France third. Correspondence with the United States increased 19.9 per cent during the year, and 67 per cent of the correspondence with the U. S. S. R. had an increase of 65.5 per cent and Canada 62.5 per cent.

Comparing and epitomizing facts about labor laws and conditions of employment throughout the world keeps the I. L. O. busy at every season of the year. The catalogue of its library lists about 400,000 items in over 30 languages, with weekly accessions of 600. Over 400 periodicals, in 45 languages, are received from over 100 countries. A weekly paper,